
A BILL FOR AN ACT

RELATING TO EMPLOYEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that inventors are an
2 important engine of sustainable economic growth. Whether
3 working independently or employed by corporations, the vast
4 majority of inventors do not have the collective representation,
5 institutional strength, or financial resources to exercise and
6 enforce their property rights.

7 Generally, under the shopright doctrine, if an employee
8 patents an invention that was conceived and perfected during the
9 employee's hours of employment or using the employer's materials
10 or appliances, the employee must give the employer a
11 nonexclusive license to use the invention. As a result,
12 employers may require prospective employees to disclose all
13 inventions created prior to employment to distinguish them from
14 inventions created during employment. However, some employers
15 require prospective employees to relinquish their ownership
16 rights over all inventions created while employed by the
17 employer as a condition of employment. California enacted
18 legislation to invalidate the use of pre-invention assignments



1 and to prevent employers from assuming ownership of employees'
2 inventions that are created entirely outside the scope of
3 employment.

4 The purpose of this Act is to invalidate any provision in
5 an employment agreement that requires an employee to assign the
6 employee's rights to an invention to the employer if the
7 employee developed the invention entirely on the employee's own
8 time and with the employee's own materials, with certain
9 exceptions.

10 SECTION 2. Chapter 378, Hawaii Revised Statutes, is
11 amended by adding a new part to be appropriately designated and
12 to read as follows:

13 "PART . MISCELLANEOUS PROVISIONS

14 §378- Employees' inventions. (a) Any provision in an
15 employment agreement that provides that an employee shall
16 assign, or offer to assign, any of the employee's rights in an
17 invention to an employer shall not apply to an invention that
18 the employee developed entirely on the employee's own time
19 without using the employer's equipment, supplies, facilities, or
20 trade secret information except for an invention that:

- 21 (1) Relates, at the time of conception or reduction to
22 practice of the invention, to the employer's business,



1 or actual or demonstrably anticipated research or
2 development of the employer; or

3 (2) Results from any work performed by the employee for
4 the employer.

5 (b) Any provision in an employment agreement that purports
6 to require an employee to assign an invention in violation of
7 subsection (a) shall be void.

8 (c) No employer shall require a provision made void and
9 unenforceable by subsection (a) or (b) as a condition of
10 employment or continued employment. Nothing in this section
11 shall be construed to restrict the right of an employer to
12 require disclosure of all of an employee's inventions made
13 solely or jointly with others during the term of employment in
14 an employment agreement; provided that any disclosure shall be
15 confidential.

16 (d) Any employment agreement that contains a provision
17 requiring an employee to assign or offer to assign any of the
18 employee's rights in any invention to the employer shall include
19 written notification to the employee of subsection (a)."

20 SECTION 3. This Act shall take effect upon its approval.

21

INTRODUCED BY:

[Handwritten signatures]



Report Title:

Labor; Employee; Invention

Description:

Invalidates any provision in an employment agreement that requires an employee to assign the employee's rights to an invention to the employer if the employee developed the invention entirely on the employee's own time and with the employee's own materials, with certain exceptions.

